

24 May 2019

Mr John Pierce AO  
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Australian Energy Market Commission  
Sydney

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Submitted online

Dear Mr Pierce

### **Submission to transparency of new generation projects rule change**

This submission responds to the Australian Energy Market Commission's (AEMC) Consultation Paper, *National electricity amendment (transparency of new projects) rule* (the Consultation Paper). The AEMC has consolidated three rule changes related to the publication of information about, and available to the proponents of, new generation developments. The three rule changes were submitted by AEMO, Energy Networks Australia (ENA) and the Australian Energy Council (AEC).

In addition to our own proposal, AEMO supports the ENA proposal and most aspects of the AEC proposal. Complexities related to aspects of the AEC's proposed changes to the Intending Participant registration category and outlined below.

#### **The three proposals**

In short, the three rule change proposals contain the following provisions. Firstly, AEMO's proposal is to allow persons seeking to build a generation system or large load that they will sell prior to connection to be registered as Intending Participants. The change would allow these build-to-sell developers to access confidential information on network and system operations that support the efficient development of new generation.<sup>1</sup>

Secondly, the ENA proposal would allow Transmission Network Service Providers (TNSPs) to publish information about both connection applications and inquiries received from generation or large load developers (including name, size, location, estimated completion date, primary technology and broad function).<sup>2</sup>

Thirdly, the AEC proposal contains four elements, one that codifies AEMO's generator information webpage in the National Electricity Rules (NER), one that requires Intending Participants to notify AEMO of changes to relevant generator information, one to notify AEMO when previously confidential information has been placed in the public domain (and can, therefore, also be published by AEMO); and one to make a number of changes to the Intending Participant registration category.<sup>3</sup>

The sections below provide comments on specific proposed changes.

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<sup>1</sup> AEMC, *Consultation paper – Transparency of new projects*, 18 April, 2019, 15.

<sup>2</sup> *Ibid*, 17.

<sup>3</sup> *Ibid*, 16.

## **ENA proposal to allow TNSPs to publish information on connection enquiries and connection applications**

The ENA rule change proposal identifies that the existing obligation on TNSPs to keep key information obtained from prospective new generators as part of the connection process confidential is inhibiting the development of efficient solutions to the impacts of new generation on the system.<sup>4</sup> AEMO shares this view and supports ENA's proposed solution of allowing TNSPs to publish specific information about both connection applications and connection inquiries. AEMO is always seeking to improve transparency to support efficient decision making. In our 2017 Generator Technical Requirements, AEMO sought amendments to allow us to better collect NSP enquiry information and publish aggregated data. This part of the proposal was not made by the AEMC.<sup>5</sup>

The information to be provided under the proposal would also assist AEMO's system design and forecasting functions. Ideally, to allow this data to be incorporated into AEMO's work in a timely manner, the information submitted to TNSPs would be required to be forwarded promptly to AEMO, or be provided to AEMO by the developer at the same time as being submitted directly to the TNSP.

## **AEC proposal to codify AEMO's Generation Information Page**

As noted in the AEC rule change proposal, various parties 'rely on the veracity of information published by AEMO in order to make a wide range of critical business decisions, including investment, bidding, hedging and operational decisions'.<sup>6</sup> AEMO's Generation Information Page (the page) is one of the ways such information is provided to the market. The page carries information on the capacity of existing, withdrawn, committed and proposed generation projects in the NE (as well as information about the connection process, to which the AEC proposal does not relate). As noted in the AEC proposal, the page states that AEMO 'is committed to publishing updates of information collected every six months, or as required'.<sup>7</sup> In recent years, AEMO has bettered this target, with new regional data published three times in both 2017 and 2018. AEMO also publishes maps of the generation in each NEM region, differentiating those at the application, commissioning and operational stage.<sup>8</sup>

The AEC proposes that the NER be amended to require AEMO provide the page, and to update the information at least monthly.<sup>9</sup> As noted in the AEC rule change proposal, the interval between publication of updates has, over the past seven years, varied between 70 and 207 days. AEMO accepts that the variable frequency of updates is likely to be a consequence of the fact the publication is not a requirement in the NER and the introduction of such a requirement would create the desired certainty around the timing of future publications. AEMO is keenly aware of the interest in generator information, based on the regular inquiries we receive about when future publications will be made, something a mandated frequency would also address.

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<sup>4</sup> ENA, TNSP Confidentiality Exclusion Rule Change Request, March 2018, 11. Available at: <https://www.aemc.gov.au/rule-changes/transparency-new-projects>

<sup>5</sup> AEMO's proposal and the AEMC's determinations can be found at: <https://www.aemc.gov.au/rule-changes/generator-technical-performance-standards>

<sup>6</sup> AEC, *Transparency of New Projects Rule Change Request*, 15 December, 2018, 1. Available at: <https://www.aemc.gov.au/rule-changes/transparency-new-projects>

<sup>7</sup> AEMO, *Generator Information Page*, available at: <https://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Planning-and-forecasting/Generation-information>.

<sup>8</sup> AEMO, *NEM Generation Maps*, available at: <https://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Network-connections/NEM-generation-maps>

<sup>9</sup> AEC, as above n 5, 6.

In AEMO's view, a requirement to publish new information quarterly (by, for example, 1 March, 1 June, 1 September and 1 December each year) would provide industry with the desired certainty and also accommodate the publication of the Electricity Statement of Opportunities (ESOO) as one of these data sets (the ESOO is published in August-September each year). AEMO could achieve such a frequency without the need for major new internal systems and processes. If the AEMC were to adopt the proposed monthly publication, AEMO would require a transition period to develop the necessary internal processes to meet that requirement.

### **AEC proposal to requiring Intending Participants to notify AEMO of information changes**

A person seeking to register as an Intending Participant is required to provide certain, information about their project to AEMO. However, as noted in the AEC rule change proposal, there is no obligation on project developers to notify AEMO of any changes to this information during project development, as may occur following, for example, discussions between a developer and the relevant TNSP.

As this information is used as input into AEMO's forecasting processes, its accuracy impacts the quality of the outputs of those efforts. AEMO has had limited success in seeking voluntary updates from developers and has, on occasion, resorted to searching publicly available information (such as investor publications) to keep our information as up to date as possible. Accordingly, AEMO supports the proposed measure to require prospective generators to provide accurate information in a timely manner to AEMO, including where there are changes to what has previously been advised.

### **AEC proposal that participants be required to notify AEMO when confidential information is made public**

AEMO similarly supports this measure, which stands to contribute to the overall accuracy and, therefore, usefulness of information provided by AEMO to the market and public domain.<sup>10</sup> Making the change would not impose an additional resource burden AEMO and requiring participants to inform AEMO when information is no longer confidential would mean AEMO no longer needs to monitor and seek out announcements for this purpose, as outlined in the AEC proposal.<sup>11</sup>

### **AEC proposals to amend the regulations regarding the Intending Participant registration category**

AEMO makes the following observations about the AEC's proposed amendments to the rules surrounding the Intending Participant registration category, as outlined in the Consultation Paper.<sup>12</sup>

Firstly, AEMO notes that there is value in the existence of rigorous requirements for a developer to be granted Intending Participant status by AEMO. While AEMO has made significant adjustments as the energy market has begun to transform and the speed of development increases (for example, by no longer requiring development approvals), AEMO must be satisfied that a proponent possess a level of intent that warrants the provision of the confidential information provided to Intending Participants. While AEMO can not provide exact figures, a significant proportion of inquiries have not turned into participants within two to three years, and many genuine inquiries do not become developments at all.

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<sup>10</sup> AEMC, as above n 1, 17.

<sup>11</sup> Ibid, 7.

<sup>12</sup> Ibid, 18.

Secondly, requiring developers to complete registration in a certain time or show that they are taking 'positive steps', lest they be deregistered, is potentially problematic. The connection and registration process can take a significant amount of time. Given AEMO is seeing smaller and smaller entities with lower levels of technical expertise or experience in Australia seeking to develop generation assets, lengthy delays will inevitably occur in some cases. Currently AEMO audits all Intending Participants annually to ensure they continue to satisfy the requirements of that registration category. In our view, this approach strikes an appropriate balance between supporting prospective developers of new generation as much as possible and ensuring projects that are no longer being genuinely pursued are deregistered. Defining what a 'positive step' is may also be difficult and impose additional compliance and assessment checks on the registration process, for which AEMO cannot see additional benefit.

If you would like to discuss anything related to this matter further, please contact Oliver Derum on (02) 9239 9196 or [oliver.derum@aemo.com.au](mailto:oliver.derum@aemo.com.au). Please also note that this submission supersedes an earlier version submitted to the AEMC, and contains additional clarifying information in relation to the ENA proposal and AEC Generator Information Page.

Yours sincerely



Peter Geers

**Chief Strategy and Markets Officer**

**AEMO**